

Message Text

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SUBJECT: PULP AND PAPER INDUSTRY SECTORS

REF: A) STATE 131462; B) MOSCOW 8129 (NOTAL)

1. IN REFTEL B, EMBASSY COMMENTED

ON MARKET IN USSR FOR U.S. PULP/PAPER EQUIPMENT. IN THAT MESSAGE, EMBASSY POINTED OUT THAT SUBSTANTIAL U.S. SALES OF THIS TYPE OF EQUIPMENT WOULD DEPEND, INTER ALIA, UPON ABILITY OF U.S. INDUSTRY TO OFFER COMPLETE PACKAGE INCLUDING TECHNOLOGY, ENGINEERING SERVICES AND EQUIPMENT. WHILE EMBASSY WOULD NOT EXCLUDE POSSIBILITY THAT U.S. EQUIPMENT MANUFACTURERS COULD MAKE SALES OF INDIVIDUAL PIECES OF EQUIPMENT FOR SOVIET PULP/PAPER ENTERPRISES, AS HAS HAPPENED IN PAST, THIS BUSINESS NOT LIKELY TO BE SUBSTANTIAL.

2. IN 1973, MAJOR WESTERN SUPPLIERS OF EQUIPMENT FOR SOVIET PULP/PAPER, TIMBER AND WOOD-PROCESSING ENTERPRISES WERE FINLAND, FRG, AUSTRIA, SWITZERLAND AND SWEDEN, IN THAT ORDER. UNFORTUNATELY SOVIET FOREIGN TRADE STATISTICS SHOW IMPORTS ONLY IN AGGREGATE
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CATEGORY AND DO NOT BREAK OUT PULP/PAPER EQUIPMENT PER SE.

1973 EXPORTS TO USSR BY COUNTRIES LISTED ABOVE WERE, RESPECTIVELY (IN MILLIONS OF RUBLES): 43.3; 36.9; 8.1; 7.8; AND 7.3. EMBASSY HAS IMPRESSION THAT AUSTRIAN EXPORTS WERE LARGELY IN THE WOOD-PROCESSING/TIMBER AREAS AND DID NOT INVOLVE SIZEABLE QUANTITIES OF PULP/PAPER EQUIPMENT. IN PAST, FRENCH COMPANIES, NOTABLY PARSONS-WITTMORE'S FRENCH SUBSIDIARY, HAVE SOLD SUBSTANTIAL QUANTITIES OF PULP/PAPER EQUIPMENT TO USSR, BUT SALES BY FRENCH COMPANIES HAVE DROPPED OFF SHARPLY SINCE 1968/69.

3. BASIC SOVIET END-USER FOR PULP/PAPER EQUIPMENT IS MINISTRY OF PULP AND PAPER INDUSTRY, HEADED BY MINISTER K.I. GALANSHIN. IN MAY 1974, GALANSHIN SPENT TWO WEEKS IN U.S. AS GUEST OF INTERNATIONAL PAPER, SPECIFICALLY FOR DISCUSSIONS OF POSSIBLE COOPERATION IN MAJOR PULP/PAPER PROJECTS. ON FOREIGN TRADE SIDE, APPROPRIATE FTO IS PROMMASHIMPORT (N.I. MEL'NIKOV, CHAIRMAN). AT RECEPTION JUNE 27, PROMMASHIMPORT OFFICIAL WHO ACCOMPANIED GALANSHIN ON HIS VISIT TO US TOLD COMMERCIAL ATTACHE THAT SOVIETS WERE DEFINITELY INTERESTED IN COOPERATION WITH U.S. PULP/PAPER INDUSTRY BASED ON CONSTRUCTION OF NEW PRODUCTION FACILITIES IN USSR WITH PAYMENT IN FORM OF PRODUCTS OF THESE PLANTS.

4. IN VIEW APPARENT INTEREST OF U.S. EQUIPMENT SUPPLIERS AND PULP/PAPER PRODUCERS IN COOPERATION WITH USSR, EMBASSY BELIEVES THAT FAVORABLE CONDITIONS EXIST FOR FORMATION OF CONSORTIUM WHICH CAN PROVIDE TYPE OF PACKAGE DEAL IN WHICH SOVIETS INTERESTED. EMBASSY SUGGESTS THAT COMMERCE PROPOSE TO U.S. EQUIPMENT SUPPLIERS MENTIONED REFTEL A THAT THEY INVESTIGATE POSSIBILITIES OF THIS APPROACH.
STOESSEL

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